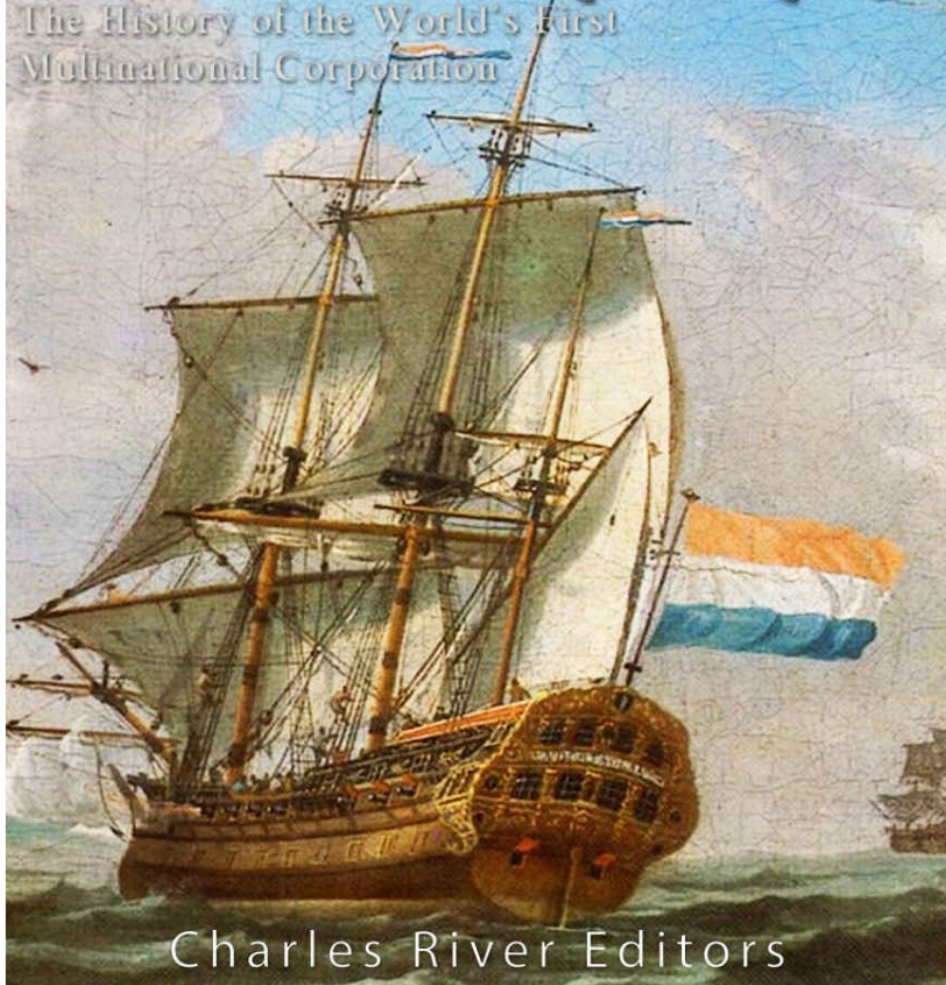


The Dutch East India Company

The History of the World's First
Multinational Corporation



Charles River Editors

The Dutch East India Company: The History of the World's First Multinational Corporation

By Charles River Editors



A depiction of VOC ships

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Introduction



An 18th century depiction of the company's shipyard

The Dutch India Company

“Whereas pepper has nothing in it that can plead as a recommendation to fruit or berry, its only desirable quality being a certain pungency; and yet it is for this that we import it all the way from India!” – Pliny the Elder

From classic grilled meat to exotic and savory 5-star dishes, pepper has long been the ultimate staple spice. While bulk pepper may

be readily stocked in supermarkets and convenience stores today, there was once a time when the common spice was considered one of the most valuable commodities in the world. Merchants tripped over one another to get their hands on the tiny black beads, which live in colorful clusters of berry-like shells reminiscent of Christmas lights. They were so precious that an uncountable number of men crossed the turbulent and uncharted seas for them. In fact, the tropical spice was so highly sought after that blood was shed over the edible gold.

To many, the mention of maritime merchants evokes an imagery of growling pirates donned in their stereotypical hats and a colorful parrot perched upon their shoulders. These nautical rascals wander the high seas in search of treasure and adventure. Though that imagery may be inaccurate, the real life companies that once dominated international waters operated on a similar thirst for conquest and riches.

Perhaps the most famous – or as many would put it, infamous – of these naval corporations was the Dutch East India Company, also known as VOC. Established around the beginning of the 17th century, this nautical behemoth of a corporation was determined to

squeeze everyone else out of the market. Vested with the power to wage war and exterminate any who dared stand in their way, the rest of the world stood by as the unstoppable force took over the whole of international maritime trade. The company would crush its opponents on the way to the top, establishing a monopoly on the global spice trade that would not only rock the world but forever change the course of modern business history.

The East India Company: The History of the British Empire's Most Famous Mercantile Company examines how the rabid consumer craving of a particular spice jumpstarted the legendary corporation, and how the Dutch East India Company rose to prominence through a brutal mix of financial acumen, merciless violence, and highly controversial business tactics. Along with pictures of important people, places, and events, you will learn about the Dutch East India Company like never before, in no time at all.

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The Dutch Miracle

“Every man thus lives by exchanging, or becomes in some measure a merchant, and the society itself grows to be what is properly a commercial society.” – Adam Smith

The earliest use of pepper dates back to 3000 BC in India, with some archaeologists pushing the date even further back. South Indians are believed to have been jazzing up their dishes with the seasoning since the Stone Age. Evidence from 1300 BC also hints at a trade relationship of sorts between India and Egypt. Peppercorns were found lodged in the nostrils of mummified pharaoh, Ramses the Great. This is yet another clue of how sacred the spice truly was in ancient civilization.

By the first century, the Romans had gotten into the blossoming international trade. Merchant vessels from the ports of Rome braved the rough seas to the southwestern coast of India. Shiploads of Roman-minted silver and gold were swapped for Indian cloves, cinnamon, sandalwood, diamonds, pearls, rubies – and of course, pepper. The foreign spices were a huge hit in Alexandria, the trading hub of Rome. Pepper, along with other Asian spices and herbs, were used for

medicinal purposes, such as disinfectant poultice creams and drinking syrups. The extract from the versatile spice was also found in balms and perfumed oils used for slathering around the neck and under the arms after baths.

Neighboring nations began to hone in on the spice and were anxious to dip their beaks into the growing trading pool. In 410, an army dispatched by the Visigoths, an ancient Germanic people, invaded Rome. To keep the invaders from destroying the city, Romans agreed to cough up vast quantities of gold, silver, silk, animal skins, and 3,000 pounds of pepper. The sum would not keep the Visigoths happy for long, as they went ahead and took control of the city, anyway. This was known as the “Sack of Rome.”

While imperial Rome crumbled, other nations swiftly swooped in on the gap in the market. Arab traders from the Middle East and Africa became the biggest players of the international spice game. Eager to keep their upper hand, they drove the price of pepper up and spread rumors to ward off their competition. Pepper-crazy explorers were warned that the plants, which were located in Indian groves and the Caucus Mountains, were “guarded” by swarms

of lethal, poison-spitting serpents.

Arab traders were soon forced to share the spice trade with the influx of nations venturing out to sea. By the Middle Ages, pepper and other rare Asian spices had become associated with the European upper class, and as their popularity grew, it became a form of currency. Based on a German price table circa 1393, a pound of ginger could be exchanged for a sheep. A pound of saffron was about as valuable as a strong, healthy horse. Of all the spices, pepper was most commonly used for monetary exchange.

It cost Europeans and other foreigners a hefty 10 pounds of pepper up front just to trade with English merchants. Due to the coin shortage, taxes, tolls, and fines could be settled by peppercorn kernels. Instead of jewelry, china, or fine clothing, brides-to-be received pepper plants as dowry. Some tenants even paid their landlords with “peppercorn rent.”

By the end of the 13th century, Venetian merchant traveler Marco Polo jotted down the fascinating ways foreigners across the world used their spices. Afghans drank delicious wines fermented from grapes and a variety of spices, and seasoned their meat with salt and

pepper. In Hangzhou, China, 10,000-lbs of pepper were brought into the city on the daily. Many believe it was Polo's memoirs that intensified the European interest in the spice trade.



A medieval depiction of Marco Polo

As time progressed, the reins of the spice trade would be repeatedly snatched by numerous hands around the globe. By the 14th century, those hands belonged to Genoa, a city in northwest Italy. Once again, pepper became the most widely traded commodity in the up-and-coming trading hub. By the end of the 15th century, over 400 tons of pepper was being imported into the neighboring city of Venice. Venetian pepper merchants made their profits by marking up the price of pepper by 40%.

Genoa-born explorer Christopher Columbus was another who recorded his observations on foreign spice use. During his second voyage in 1493, a scientist named Diego Chanca tagged along, and together, they discovered red pepper and allspice, which they brought back and shared with Spain.



A posthumous portrait of Columbus

By the 1500s, Portugal had become another prevalent player in the field. Just a few years before the start of the 16th century, Vasco da Gama was tasked with establishing a trade route to India, where he was to search for “Christian and spices.” Though 30% of Portuguese shipping vessels never returned, Portugal dominated the spice trade throughout

the 16th century. Every year, 2 million kilograms of pepper, cinnamon, ginger, and nutmeg teemed into Lisbon. The risky voyages saw a substantial tax placed on cargoes of East Indian vessels. Middlemen traders also tacked premiums onto the price of spices.



Vasco da Gama

As the 16th century came to a close, however, the reins of the spice trade slipped yet again from the hands of the Portuguese. In the late 16th century and onward, the provinces of

Northern Netherlands entered what historians refer to as the “Dutch Miracle.” No one was prepared for the plain cousins of then-bustling Southern Netherlands to forge ahead of the spice race, and yet the Dutch Golden Age soon fell in place thanks to a number of reasons.

To understand what led to the Dutch's sudden prominence, one must travel back to 1568. Before the mid-1500s, the territories known as Belgium and Holland today were composed of 17 lowland provinces belonging to Burgundy. These lands came under the control of Charles V, King of Spain and Holy Roman Emperor, in 1506. In 1568, his son, Philip II, intervened in said territories once more to quell the movement of the Protestant Reformation, but disgruntled dwellers in the 5 northern provinces did not take kindly to this and revolted against the king. 11 years later, 7 of the provinces officially declared their independence with the Union of Utrecht. From then on, they dubbed themselves the United Provinces. Just 6 years later, the Siege of Antwerp of 1585 drew a dashed line between Northern and Southern Netherlands, formally dividing the regions.



Charles V



Philip II

Before the siege, the city of Antwerp was the leading center of commerce in all of Europe. Antwerp welcomed Catholic and Protestant merchants alike, and it was this unbiased attitude that propelled them to the top of the ladder. Merchants from Germany, England,

and the new United Provinces all flocked to Antwerp to trade an assortment of goods, including grains, Baltic timber, and exquisite Dutch textiles. One of the commodities Dutch merchants readily accepted was Iberian salt, which was used in preserving herring and other Dutch delicacies.

The decision made by Alexander Farnese, the Duke of Parma, to invade Antwerp came with lasting consequences. Going against the tradition of ruling Catholic powers of the time, Farnese allowed Protestants to evacuate the city peacefully. At the same time, Philip II, Farnese's uncle, imposed a ban on trade against the United Provinces and confiscated all trading ships from the ports of Spain and Portugal. The king had unwittingly created a population of roaming Antwerp Protestants, the majority of which were skilled craftsmen, seamen, and wealthy merchants. Backed by years and experience of international trade, they would soon take the industry by storm.



Farnese

Most Protestant refugees made their new homes in the city of Amsterdam. The population in the capital of Holland, then an obscure trading port, ballooned from 30,000 residents to 105,000. The multicultural community of Amsterdam had quickly become one of the most highly populated cities in all of Europe.

From then on marked a glowing period of religious, scientific, technological, and artistic advancements in Holland. The world was introduced to the creative genius of Rembrandt and Pieter Hooft, as well as the likes of Christiaan Huygens, who invented the pendulum clock. In the late 16th century, Holland decided that they, too, wanted in on the spice trade.

In 1591, the Portuguese established a syndicate between German, Italian and Spanish firms, utilizing Hamburg as its central port. This syndicate essentially excluded the Dutch from nautical trade. Infuriated Dutch merchants vowed to find a way into the industry themselves, beginning with their observations as the Portuguese trading system fell apart. To start off, the syndicate could not match the increasing demands of certain commodities, especially pepper, and each time

the syndicate failed to meet the supply quota for pepper, the spice saw a dramatic increase in prices. The Dutch finally found their way in when a couple of traveling merchants, Cornelius de Houtman and Jan Huyghen van Linschoten, allegedly gained access to confidential Portuguese trade routes and learned their business practices.



A portrait of van Linschoten

Van Linschoten, who was formerly based in the Indian city of Goa as a secretary to the Portuguese archbishop, headed home to Holland in 1592. Inspired by the rich culture and bountiful resources in Southeast Asia, he took pen to paper and wrote a recollection of his experiences. The book, entitled *Itinerario*, offered descriptions of the picturesque landscape, as well as insight into navigation and potential trade routes. A small compilation of detailed maps were also included in the book, featuring the works of cartographers such as brothers Arnoldus and Henricus van Langren.

Van Linschoten wrote, “In this place of Sunda, there is much pepper, and it is better than that of India or Malabar... It hath likewise much frankincense, camphor, and diamonds, to which men might very well traffic without much impeachment, for that the Portugals come not thither...”

Simply put, Dutch voyagers were instructed to sail south of Sumatra, a Western Indonesian island, then north of the Sunda Strait, which lay between Java and Sumatra. This, van Linschoten insisted, was the only way to skirt around the Portuguese ships. The *Itinerario* sold like umbrellas on a pouring day, with

translated versions popping up in England, France, and Germany. Likewise, those in his home country took the navigational advice to heart.

The Rise of the VOC

“So long as Holland has been Holland, such richly laden ships have never been seen.” – Unknown

In 1594, Reiner Pauw, Jean Corel, and Dirk van Os, along with a small group of merchants hailing from Antwerp and Amsterdam, established a syndicate of their own. They called their new company the “Compagnie van Verre” – the Company of Far Lands. The next year, the CFL sent 249 sailors, spread over 4 ships, to India on a quest for spices and other blue-chip items.

This expedition took the ships to Banten, a province in the Java island of Indonesia. The ideal location was also a major pepper port. There, Dutch crewmen were fended off by both indigenous natives angered by the unannounced trip and Portuguese merchants who had previously claimed the land. The Dutch crew moved along to the northern coast of the island, but they were only greeted with more conflict. An ambush by Javanese locals

resulted in the casualties of 12 Dutch crewmen and a Javanese prince at Madura.

After 3 years of rough seas and the mini-battles that ensued abroad, only 89 Dutch crewmen made their way back to Holland. On top of their obvious lack of planning and shoddy organizational skills, the ships returned with only a single cargo of pepper, and little to no other spices or valuable goods. Nevertheless, even with the seemingly unimpressive haul, merchants were still able to make a tidy profit.

The phenomenon excited other wealthy Dutch merchants, who found a fresh opportunity and pounced on it. That same year, in 1597, Vincent van Bronkhorst, Cornelius van Campen, and another band of Dutch merchants formed a company of their own. They called it the “Nieuwe Compagnie te Amsterdam (New Company of Amsterdam).” By 1599, 6 new companies from Rotterdam, Delft, and Zeeland, all motivated by the same agenda, had come to fruition.

Among these companies was one founded by a reputable merchant, Isaac Le Maire. Le Maire joined forces with merchants from different Dutch cities, including Louis de la Beeque and Jacques de Velaer, and founded

the Nieuwe Brabantse Compagnie. Later that year, Amsterdam's burgomasters (mayor-like officials) gifted the NBC a charter for trade with China. The following year, NBC was permitted to partner up with Expert Compagnie, forming the newly united Verinigde Compagnie te Amsterdam (the United Amsterdam Company). 8 massive ships fit to fight the most passionate of waters were added to the merged company's assets, which were to be commanded by Captain Jacob van Neck.



Qui freta lustravit Batavis incognita Nautis,
 et non visa prius per Gallos, atque Britannos,
 ac Lusitanos Indorum nomine claros,
 Christicolarum alios, sulcantis aquora velis,
 sic sua Jacobus Lemarijs ora ferebat.

Le Maire



Van Neck

Once again, the Dutch companies sent a combined fleet of at least 22 ships to the East. As expected, only 14 of these vessels made it back home, with over half of the crew either lost at sea or in battle. But this time, the cargo featured a whopping 600,000 pounds of

pepper and other rare spices, earning Dutch merchants an even handsomer profit.

In late 1600, van Neck's ships produced results that put a sparkling grin on the faces of Dutch merchants everywhere. His successful voyage became the first to touch bases with the "Spice Islands" of Maluku. This eliminated the need for Javanese middlemen, and in turn, Dutch merchants raked in a 400% profit. It was then that the Dutch knew they were truly in business.

At that point, it was high time for retaliation. In the spirit of the Portuguese syndicate, the Dutch companies realized that unity would be the key to driving the Portuguese out of the spice industry. In the last weeks of 1600, the Dutch collaborated with Muslim merchants on the Ambon Island of Indonesia. Their agreement entailed that the Dutch be granted exclusive rights to the purchasing of all spices on the island.

Traditionally, European maritime companies operated under one similar and increasingly dated system. Unlike modern corporations today, an entire company would be established for the purpose of a single round trip voyage to the East Indies. Once what was left of the ships returned, the company

disintegrated. The defunct company then distributed profits between shareholders, and proceeded to either sell or auction off their inventory and equipment. Conversely, the new Dutch establishments set out to change the antiquated system, breathing “semi-permanent life” into their companies. While most companies were formed to take on just one voyage, the Dutch were granted a single charter that allowed them to oversee a series of them. This meant that rather than having a constant rotation of control, the same set of directors and board members were kept on staff throughout the voyages. Finally, when the voyages were deemed complete, the same directors would take the profit and capital from the now buried companies to start a brand new one.

In 1601, the Dutch were on a mission to quench their spice cravings. 6 of these companies released 65 ships on 14 voyages to the Cape of Good Hope, the rocky border in the Cape Peninsula of South Africa. The scramble for spices took a definitive toll on the nation's trade. While bidding prices in Indonesia soared, merchants in Amsterdam were forced to lower their prices as local competition began to heat up.

Profits were at an all-time low. The Dutch government, which felt its power dwindling, knew the problem had to be remedied, and fast. If the Dutch did not act now, the swelling unified powers of Portugal and Spain would push them out of the industry altogether, rendering all their accomplishments thus far completely useless. Meanwhile, a more ominous threat loomed over the Dutch market, as the English were already one step ahead of them. Just a year before, English seafaring companies combined their powers in one of the world's earliest monopoly enterprises: the British East India Company.

On March 20, 1602, the Dutch followed by example, marking another page in history. The 6 rival companies – the United Amsterdam Company, the Veerse Compagnie, the Verenigde Zeeuwse Compagnie, the Magellaanse Rotterdamse Compagnie, the Moucheron van der Hagen & Compagnie, the Een andere Rotterdamse Compagnie, and the Delftse Vennooteschappe Compagnie – combined their powers into a single entity. The new “mega-merger” of a corporation became known as Vereenigde Oostindische Compagnie – formally referred to as the United Dutch Chartered East India Company.

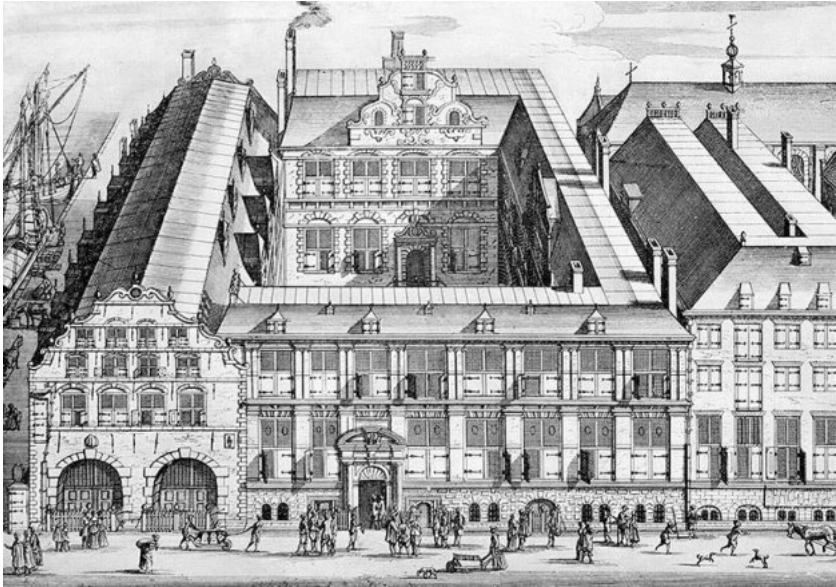
Traders from the nearby cities of Enkhuizen and Hoorn were also invited to the trade of the newly-formed cartel.

With blessings from the Dutch government and a starting capital of approximately 6,440,200 guilders (roughly \$644 million in USD today), the VOC could now reign as a monopoly over all Asian trade. The charter bestowed upon the company the right to build and maintain armies, erect forts overseas, and the power to handle treaties with Asian rulers however they saw fit. This charter, which would be valid for 21 years, also suggested that board members perform a routine audit every 10 years.



A picture of the VOC's headquarters from the Amsterdam Municipal Department for

the Preservation and Restoration of Historic Buildings and Sites



An 18th century sketch of the headquarters

Proud members of the Dutch super-corporation flaunted their new flags in front of their VOC chambers. These company flags, rippling in the morning breeze, featured the company's logo stitched onto a background of Dutch colors – which was then orange, white, and blue. The VOC logo was as notoriously recognizable as it was simple – a large V in the center, with a shrunken “O” and “C” on each leg of the letter. The first initial of the chamber's location was added to the crown of the logo for each respective base. These logos

would soon be stamped upon all VOC items – from the sides of shipping vessels, to products, and onto the faces of coins minted by the company themselves.



The company's logo



A VOC monogram once positioned above the entrance to the Cape of Good Hope

The VOC, which is now considered the world's first limited liability company, chose to modernize their business practices.

Merchants were now allowed to pour their money into hundreds of ships from the VOC sub-companies at one time. This was especially enticing, as this minimized risk meant that if one of the ships they invested in never made it back, they would not be left in financial ruin. Even more appealing, lucky merchants who saw most of their ships return obtained separate sums of profit from every vessel they had invested in.

The VOC would not only issue the world's first IPO (initial public offering), which allowed public access to the private company's stocks, the company is also credited with creating the stock market. The VOC capital was split into shares worth 3,000 guilders each (roughly \$300,000 USD today), and the shares were sold on the Amsterdam Stock Exchange, another brainchild of the VOC. The sale of stocks raised the capital needed to construct a top-of-the-line fleet of ships that would make their competitors' vessels pale in comparison. The rest of the bonds, or debt investments, were then set aside to fund each voyage of the VOC.



A coin minted by the VOC

While pre-VOC companies were manned by a loose group of management with no clear boundaries of power between directors and regular staff, members and shareholders of the VOC were distinguished by 2 groups. There were the participanten, or the general, non-managing population of the corporation. The latter were known as the bewindhebbers, a group of 60-76 directors that oversaw all VOC operations. Those who were looking to liquidate their interests in the limited liability company could only pawn them off at the single-stock exchange. Issac Le Maire of former UAC fame was the VOC's largest shareholder.

6 main chambers, which were situated in Rotterdam, Delft, Hoorn, Middelburg, Enkhuizen, and Amsterdam, made up the VOC. Bewindhebber shareholders were selected to represent each chamber as a single board of directors known as the “Heeren XVII,” – the Lords Seventeen. The Amsterdam chamber, with 8 delegates, was the most influential, and therefore held the decisive vote pertaining to all internal disagreements and disputes.

The Heeren XVII held 2 to 3 meetings annually, each of which would last up to 3-4

weeks at a time. A variety of matters would be covered in these meetings. Delegates pitched ideas about their next purchases in Asia, as well as methods to solidify those deals. They organized the construction of new trading vessels and designed the roster of crew members and equipment on their ships. Those who were looking to travel to Asia themselves could announce their plans for visit and obtain resources and accompaniment from the VOC if needed. Unruly and drunken behavior of company members during staff parties and gatherings were also discussed, and the offending parties subsequently reprimanded.

One of the new advantages the VOC enjoyed came in the form of shrunken interest rates. Dutch businesses were now allowed to obtain loans at a 4% interest rate. This was a paltry figure in comparison to the more than double 10% rate English businesses had to abide by. This also meant that the VOC could now invest in more than twice the number of ships, equipment, and labor than its English counterpart.

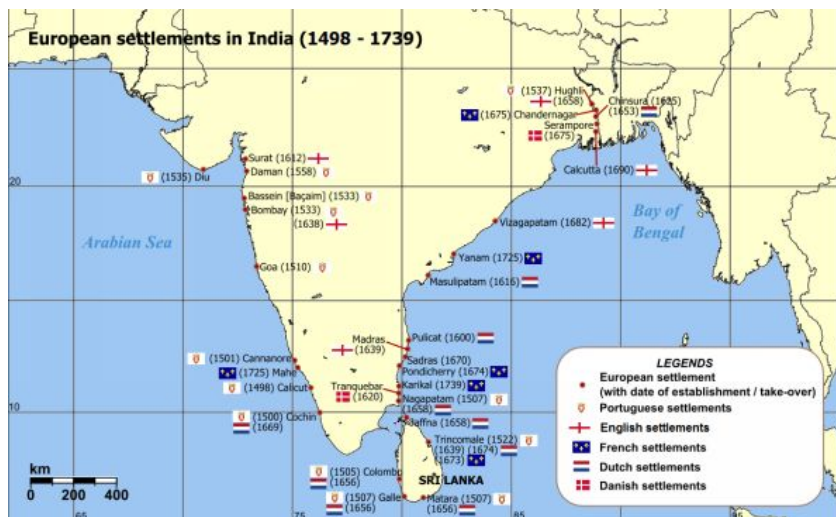
Although the VOC had, in a sense, piggybacked on the ideas of the British East India Company, the modified system set in place would soon see them leap ahead of their

main competition. Coupled with what historians have described as financial acumen way beyond their years, and their possession of untouchable self-governing powers, the VOC was now fully equipped to blow everyone else out of the water. No one would see them coming until it was too late.

The Quest for Asia and the First Alliance



A depiction of VOC uniforms



A map of various settlements in the region

“Be not astonished at new ideas; for it is well known to you that a thing does not therefore cease to be true because it is not accepted by many.” – Baruch Spinoza, Dutch philosopher

The year that followed the founding of the VOC was nothing short of action-packed. In the beginning of 1603, the company revisited Banten in the Java islands. There, they officially established their first permanent trading post.

Around the same time, on the 25th of February, a fleet of Dutch ships surrounded a Portuguese vessel named the *Santa Catarina*. Outnumbered, the gleaming 1,500-ton ship surrendered to the VOC ships 10 hours into the attack. The daytime battle resulted in the

deaths of at least 70 crewmen. The Dutch ships then proceeded to swipe the treasure trove of Chinese spices, clothes, and textiles on board before making the trip back home. Much to the merchants' delight, the stolen loot was estimated to be worth over 3 million guilders. Not only did this bring a 50% increase in capital to the VOC, the company was now worth 5 times more than the British East India Company.

The seizure of the *Santa Catarina* was said to have been orchestrated by the VOC and the Johoreans, natives from a Southern Malaysian state. It was this event that began an amicable relationship between the VOC and Johorean leaders, one that would last well into the 18th century. Moreover, this event would soon prove historically significant for other reasons.

The wildly successful auction of the *Santa Catarina* booty boggled the minds of merchants from other European nations. Before this, the Portuguese, who had a head-start in the industry, had managed to keep their trade relations with Asian ports under wraps. Now that the secret was out, the potential of the vast and unimaginable riches available in Asia – in particular, China – stunned merchants across Europe, which only

amped up the competition for the VOC.

The *Santa Catarina* incident was also the source of one of the company's first brushes with controversy. Admiral Jacob van Heemskerck, the commander of the batch of invading ships, came under fire; since his ships had not been formally sanctioned as a privateer (private soldiers or ships that engaged in maritime warfare in exchange for commissions), critics condemned his actions as “an act of piracy.” The new criticism prompted the VOC to hire one of the earliest versions of a corporation publicist. They sought the help of Hugo Grotius, a lawyer and scholar of the Dutch Renaissance, and tasked him with drawing up a quick pamphlet that would both defend and justify the VOC's actions.



Jacob van Heemskerck



Grotius

Grotius' subsequent publication, *Mare Liberum*, published in 1609, went a step further than that. His book, which translates to "The Freedom of the Seas," was directed towards the Portuguese and their attempt at monopolizing trade in the East Indies. The commentary illustrated the idea that the

“limitless” seas were international territory and therefore public domain, meaning no nation could claim ownership of it. He asserted, “Every nation is free to travel to every other nation, and to trade with it.”

Furthermore, Grotius was adamant that the VOC ships had engaged in a “just war.” As the Portuguese themselves were the first to use “unlawful force” to ensure their hold on the Asian trade market, the VOC was supposedly “defending the freedom” of Euro-Asian navigation. His work is often said to have laid down the foundations for moral law and international business ethics.

Following the *Santa Catarina* incident, a Portuguese naval commander, Estevao Teixeira de Macedo, gnashed his teeth at the Johoreans. Enraged by the Johoreans alliance with the VOC and the role they played in capturing the *Santa Catarina*, de Macedo sent aggressive ships and galleons – massive, armed cargo vessels with multiple decks – to the Johor River. There, de Macedo's men beleaguered the locals who resided along or near the coastline. A barricade was also set up to prevent goods from flowing in and out of the region, and to prevent history from repeating itself.

In early October of 1603, 4 VOC ships would be directly involved in a chain of skirmishes that took place along the Singapore Straits and Johor River. These incidents are collectively known as the Battle of Changi. The ships, which were governed by Admiral Wijbrand van Warwijk and his second-in-command, Vice Admiral Jacob Pietersz van Enkhuysen, reached the Johor shores. Once again, they successfully made contact with local fishermen and befriended the Johorean royal court. Hearing about the new blockades imposed upon the Johoreans, the VOC agreed to team up with them once more to put a stop to the Portuguese for good.

On the 10th of October, the VOC ships skulked up to the river bound for Johor, where they had first stumbled upon the Portuguese ships 8 months ago. The fog thinned, revealing the *Todos os Santos*, the target flagship with the most high-ranking officials on board. With the enemy vessel in clear view, the Dutch ships attacked. They loaded up their cannons and fired into the sails of the galleon. With gaping holes bored through the blazing sails, the Portuguese ship came to a full stop, stupefied by the unheralded attack. What was left of the Portuguese crew staggered out to

the main deck and hastily lowered their emergency getaway boats. Some were able to paddle away to temporary safety. They caught up with each other in the secluded shallow waters of Batam, another Indonesian island. After sticking it out for another day, the Portuguese crewmen surrendered in the wee hours of October 11.

Bolstered by the string of victories, the VOC decided it was time to think bigger. Just 2 months later, on the 18th of December, Admiral Steve van der Hagen, a seasoned captain and mobile merchant, was put in charge of the company's first official fleet. The fleet consisted of 13 vessels outfitted with premium-quality naval artillery and a specially trained crew of 1,200 men. The meticulously crafted Dutch ships, which were smaller than average, were not only faster, but was made for easy navigation – ideal for naval warfare.



Admiral Steve van der Hagen

Under explicit VOC instructions, the admiral was to reinforce attacks against Portuguese strongholds and raid their ships. They were to set their flags down at Goa, claim the western state of India, and lace knots in all the loose ends of Dutch-Indian trade agreements. They

were also expected to do the same in the Malaysian state of Malacca and expel the Spanish traders there by any means necessary.

In spite of the VOC's unwavering determination to conquer the Asian ports, their efforts were stalled and ultimately fruitless. The naval troops headed by Cornelis Matelief de Jong were met with violent resistance in Malacca in 1606. To rub salt in the wound, after much negotiation, Matelief failed to reach a conclusive agreement with Chinese officials on Amsterdam-China trade relations.



Matelief

The only Portuguese port that conceded without a fight was one based in the naturally rich and fertile Ambon Island. There, the VOC set up camp with a new headquarters and placed the island under Dutch administration. Unlike Matelief, van der Hagen presented a signed contract in which the island promised

to sell cloves exclusively to the VOC. The agreement would become a basis for all future VOC transactions.

Meanwhile, the Dutch were in the midst of the Eighty Years War, a long battle of independence against Spain. Though Matelief's ships had yielded less than pleasing results, the Dutch knew outdated enemy vessels were no match for the VOC's newly improved ships. In the late months of 1606, the Dutch States General ordered an attack against Iberian vessels loitering in European waters, and a year later, Dutch vessels overtook a much larger fleet of Spanish warships. With the Spanish defenses badly bruised, the government of Madrid raised a white flag. For the next 2 years, Dutch and Madrid government officials assembled in underground meetings, and their efforts led to the publishing of the Twelve Years' Truce.

The Dutch government knew that the truce – though vocally opposed by Prince Maurice and the VOC – had to be reached for a number of reasons. For one, pepper prices were plummeting and failing to recover. The loss at the standoff against the Spanish in the Philippines, Maluku Islands, Flanders, and other conflicts the Dutch had engaged in had

taken a toll on the weakening army population as well. Moreover, competition was getting fiercer by the minute, and rumors had been circulating about France's King Henry IV looking to start an East Indian Company of his own with the help of Flemish and Dutch traitors.



Henry IV

With the newly-established truce underway, the VOC shifted their focus back to the east, and the company's ships began to explore the

other nations bordering the coasts of Southeast Asia. Early encounters with Japanese and Chinese locals were met with much hostility and little success, but the undeterred VOC resumed the expeditions. During this time, they attacked and established bases in Macau and the Philippines, and inadvertently discovered the continent of Australia.

As the VOC continued the journey around Southeast Asia, bases were strategically scattered around the region. Since most Indonesian merchants only accepted rare textiles from the Coromandel Coast, situated by the borders of the Indian subcontinent, Dutch factories were placed near the seaside of Golconda, India. A year later, in 1606, a Dutch post was constructed in Northwestern India for the easy trading of indigo and cotton.

Following the announcement of the truce in 1608, VOC authorities ordered its crew to handle all unresolved trade agreements as soon as possible. When VOC ships failed to infiltrate Portuguese crews at Macau for the second time, they moved on to Japan. After a few months of “negotiation,” the VOC came to an exclusive trade agreement with a factory in Hirado.

Later that year, the VOC revisited the Maluku

Islands and signed another treaty there. By the time the short-lived truce disintegrated in April 1609, the VOC had established as many Asian outposts as their competition. Though most of the Portuguese regions had been conquered, the VOC had yet to strike down the Iberian bases in Macau, Malacca, Manila, Ternate, and Goa.

The VOC needed to accelerate their growing control over Asian trade, lest they be wiped out by the vehement competition. In 1610, the VOC created the position of the Governor General. The Governor General was now to be considered the highest of all authorities in Dutch rule over the East Indies. The first to take on the mammoth responsibilities of the Governor General was veteran voyager Admiral Pieter Both, who was sworn into office on the 19th of December. To curb the somewhat tyrannical powers of the Governor General, a board known as the Raad van Indie, or “Council of the Indies,” was set in place. That said, though the Governor General spearheaded all activities in the East Indies, all decisions and matters were still to be approved by the Heeren XVII.



Both

Batavia and Yonder

“Despair not, spare your enemies not, for God is with us.” – Jan Pieterszoon Coen



17th century maps depicting Batavia

To understand the VOC's unfaltering interest over the Indonesian islands, one particular spice must be assessed – the nutmeg. Before the VOC even existed, these toffee-brown,

aromatic seeds had become a raging hit in Europe. Nutmegs, like peppers, were highly versatile, especially since the seeds were used not just to flavor drinks and desserts but also as a scent freshener.

Apart from masking the pungent stench that wafted from poorly preserved meats, the spice was praised by European physicians for its alleged medicinal properties. During the second coming of the infamous Black Death, which struck Europe throughout the 17th century, experts pointed to the nutmeg as a cure and plague repellent. Sachets and smelling vials bottled with eau de nutmeg were prescribed to all. Young ladies were often seen sniffing these trinkets to avoid the toxicity thick in the air. Men sprinkled nutmeg into their nasal powders, otherwise known as “snuff,” and inhaled the spice's fiery, invigorating goodness.

The demand for nutmeg was sensational, particularly in London, which had suffered the worst of the roving plague. English consumers were desperate to get their hands on the spice, and willing to pay up to twice their paychecks for a few grams of nutmeg. Simultaneously, merchants and traders were reaping in the profits. To put this into perspective, for a bulk

10 pound order of nutmeg, an English merchant shelled out a total of 1 English penny to their Asian suppliers. This sum, which translates to about \$3.74 USD today, was then marked up to 2 pounds and 11 shillings (roughly \$790 USD) to the average London consumer.

Learning of the English merchants' jaw-dropping profit margins, the VOC decided a change of priorities was in order. Nutmeg was perhaps one of the scarcest, and hence most treasured of the world's spices. As far as the 17th century world knew, there was only one place in all the world that housed the beloved nutmeg trees: the Banda Islands of Indonesia. The VOC did its homework on the islands and performed a background check on the reigning sultans. They learned of the government's neutral trade agreements with foreign traders, which allowed them to trade freely with vessels regardless of nation or continent. While this meant that Portuguese and Spanish garrisons were no longer allowed on Bandanese soil, the VOC took advantage of the island's virtually defenseless coast.

In late 1618, 31-year-old Jan Pieterszoon Coen was named Governor General of the VOC. The slender, dark-haired man with

vigilant, beady eyes and a thin, well-groomed mustache, embraced the honorable position with open arms. In spite of his relatively young age, the members of the Heeren XVII were confident that they had chosen the perfect candidate. Coen would soon prove them right, with his name forever remembered as one of the shrewdest and most ruthless of all the VOC's Governor Generals.



Coen

Coen was born in the charming harbor town of Hoorn, one of the 7 Dutch towns involved in the VOC. From a young age, his father, a small-time merchant, introduced Coen to the world of business, and encouraged him to pursue an interest for it. In 1601, a year before

the VOC opened its doors, 14-year-old Coen was sent to Rome to study the fine art of international trade and business. For the rest of his teenage years, Coen served as an apprentice to a Dutch merchant company based in Rome, where the brilliant teenager quickly picked up and learned the trade of double-entry bookkeeping, a concept that was still foreign back in Holland. The bright eyed and bushy tailed apprentice was soon promoted to the position of Junior Merchant.

With his new title, 20-year-old Coen was sent on his first expedition to the East Indies in 1607, where he stayed for 3 years before heading back home to Holland for another 2. In 1612, Coen graduated to Senior Merchant, and as Coen's influence within the company grew alongside his confidence, he began to share his findings with his peers and superiors. The ecstatic Coen fished out a copy of the *Discoers Touscherende den Nederlantsche Indischen Staet*, the VOC's handbook of company operations. With it, he presented a detailed and insightful analysis of the handbook, complete with highlighted discrepancies.

Coen criticized the overly complex VOC system and noted its poor generation of profits

compared to those of their competitors. In his analysis, he offered 2 potential solutions. To begin with, he suggested the VOC impose a monopoly over 3 main spices – mace, cloves, and nutmegs. Next, this monopoly was to be enforced at any cost, condoning the exploitation and slavery of local workers and other means of violence to generate results. A passage from Coen's analysis reads, “Your honors should know by experience that trade in Asia must be driven and maintained under the protection and favor of Your Honor's own weapons, and that weapons must be paid for by the profits from the trade, so that we cannot carry on trade without war, nor war without trade.” As Coen had hoped, he was soon on the VOC's radar, especially that of the Hereen XVII's.

Even before Coen had been entrusted to lead the expedition to the Banda Islands, relations between the Bandanese and the Dutch were rocky. The Dutch's first arrival there came in 1599, and initially, the Bandanese welcomed the Dutch merchants, who were a refreshing change of pace from the aggressive Bible-toting evangelists that came with the Portuguese ships. The friendly first meeting resulted in a signed document between both

parties, which granted the Dutch full and exclusive rights to the island's nutmegs at obscenely low prices. Many have speculated that the Bandanese were somehow conned into signing an agreement that they did not understand due to the obvious language barrier. Whatever the case, when the agreement came into effect, troubles began to brew.

What happened next would be one of the earliest and most compelling pieces of evidence that exhibited the VOC's merciless business tactics. They disregarded the fact that the majority of Bandanese food sources relied almost solely on trade with neighboring nations. To avoid starvation, the Bandanese went ahead and took the risk of trading with non-Dutch countries anyway. The Bandanese were then severely punished for “violating the agreement,” one the Dutch knew full well they would not be able to fulfill.

During Coen's first year in office, he decided it was time to give the Indonesian islands another whirl. On May 30, 1619, Coen, along with a daunting fleet of 19 armed ships, invaded Jayakarta (now Jakarta). The VOC's men, equipped with the best military equipment, cleared out the Jayakarta residents

and Banten forces guarding the coast with seemingly minimal effort. Here, Coen ordered the VOC crew to begin construction of the new overseas headquarters. At first, the original trading post, which was built 16 years prior, was treated to simple cosmetic touch-ups and a slight expansion. But less than 2 months later, in mid-July, the blueprints for the new VOC fortress were updated yet another time, and as soon as the blueprints were approved, the second round of renovations began. Now, a much larger red-bricked castle stood in place of the original trading post, towering over the island. Bastions, or tall, sturdy walls, were paved around the coastal edge of the castle to defend the fortress from naval attacks. A collection of hired soldiers from various countries including Germany, Scotland, Belgium, and Japan patrolled the headquarters around the clock. In the basement was a dingy torture cellar, its walls brimming with ropes, iron shackles, and water-boarding equipment.

Coen proposed a name for the VOC fortress. He hoped to call the place “Nieuw-Hoorn” (New Hoorn), a tribute to his hometown. The Hereen XVII, however, voted against it, electing to call it “Batavia,” instead. The name, which rolled off the tongue like honey,

stuck, and in January of 1621, a formal christening ceremony was held.

Before, during, and after Coen's reign as Governor General, 3 branches of administration would arise within Batavia. The first branch, the Hoge Regering (High Government), came into prominence 6 years after the first Banten takeover, in 1609. This branch placed at the top of the tier, composed of the Governor General and the Council of the Indies. Next was the College van Schepenen (Council of Aldermen), established under Coen's request in 1620. The small board consisted of “3 free citizens” and 2 VOC officials. The final branch was the College van Heemraden (District Council), which came to be much later in the mid-17th century.

Now that Batavia was established as a Dutch stronghold, administrative center, and main trading port of the VOC, a community soon flourished within and around the fortress. To make room for more Dutch plantations, the Javanese were banished from Batavia. Almost all of the natives were either expelled, killed, or wasted away from starvation. No Dutch families had immigrated to Batavia, so the Batavian population became a kind of melting pot. Though Coen had enforced a violent

restraining order against the Javanese people, some of the Dutch began to pair off with what was left of the Javanese locals.

Coen would go on to personally request a shipment of 1,000 Chinese people from Macau to diversify the growing Batavian community. Unfortunately, only a small fraction of 1,000 would survive the trip. 2 years later, another request for 15,000 Bandanese people ended in more tragedy. Just 600 of the 15,000 would reach the Batavian shore.

Mishaps and Mutiny

“The pack of all disasters has molded together and fallen on my neck.” – Francesco Pelsaert

Around this time, the Dutch government attempted to resolve the churning tensions between the VOC and the British East India Company. In 1619, King James I and the States General of Netherlands shook hands, vowing a unified collaboration of trade in the East Indies. Each side would be allotted a fixed ratio of 2:1 in the Asian trade market, which was balanced by the legal monopolies both parties held in their home countries. The Batavian Council of Defense had been established for the very reason of supervising

both the Dutch and English merchants. Both parties agreed to trade benevolently alongside each other, with outposts on each side left to govern themselves.



James I

Not surprisingly, it would not take long before growing disputes of the treaty's terms threatened their peaceful relations. Dutch outposts claimed legal jurisdiction over British posts in their regions. On the other hand, the British cited the treaty terms and demanded the Dutch withdraw their prying noses from British posts. The tensions began to snowball, and the avalanche of disagreements soured the relationship between the two companies. The Dutch began to regard the English as dishonest and unscrupulous, and vice versa. Each accused the other of selfishly interpreting and thereby manipulating the treaty to its own liking.

The bubbling animosity was not helped by a memo Herman van Speult sent out in 1622. Van Speult, a prominent VOC player based in Ambon Island, had begun to butt heads with the Sultan rulers of Ternate. The sultan, Van Speult suspected, had been plotting to back out of the Dutch-Ternate trade agreement, and was looking to jump the Dutch ship. For this, van Speult blamed the British, who he firmly believed was the puppeteer behind the scenes.

The VOC officials on Ambon Island heeded Van Speult's warnings and began to grow

paranoid. In February of 1623, a Japanese soldier-for-hire was caught red-handed and accused of spying on a Dutch base, Victoria. The soldier was hauled into the underground torture chamber and his limbs forcibly tethered to the sides of a wooden board. As a filthy sack was pulled over the soldier's head, VOC crewmen poured barrels of water over his head, nearly suffocating him. Through an excruciating stretch of water torture, otherwise known as waterboarding, they were able to extract a confession from the soldier. The gurgling captive admitted to being part of a band of 20 mercenaries employed by the British East India Company. The soldiers were allegedly hired to sneak into Fortress Victoria and assassinate Van Speult. He went on to point a finger at Gabriel Towerson, a nearby governor for an English base, and other members of staff.

After that, the rest of the soldiers and accused English personnel were dragged in to the Dutch base for another torture session. William Clarke, one of the Englishmen, was one of those who suffered the worst of the tortures. In addition to flogging, VOC officials “cruelly cut his flesh, then washed him with salt and vinegar” before laying him upon a

bed of scalding-hot irons.

Archived records show that 4 Englishmen and 2 Japanese soldiers evaded further punishment and were pardoned for reasons unknown. The rest of the condemned, a group that consisted of 10 Englishmen, 9 Japanese mercenaries, and 1 Portuguese soldier, were sentenced to death. On the 9th of March, the group was beheaded. In an effort to prevent future conspiracies, Towerson's severed head was pierced upon a pole and flaunted around in a morbid parade around Ambon Island.

Another significant chapter in VOC history came in the form of a terrible mutiny in 1629. On the 4th of June, the VOC ship *Batavia* crashed on the Abrolhos Islands, just 37 miles from Geraldton, Australia. The 316 dazed passengers on board poured out of the dead vessel, thanking the Heavens as their feet touched solid ground. Little did they know of the horrors that were soon to come.



Picture of a replica of the *Batavia*

On October 28, 1628, the VOC's *Batavia* set sail from Texel in the Northern Netherlands. The vessel was a humdinger, a polished wooden ship kitted out with dozens of bronze guns and 24 cast-iron cannons. Along with 7 other ships, the VOC vessels took on the salty, frigid waters, destined for Batavia.

A few characters must be introduced to understand what led up to the horrific event. There was Francesco Pelsaert, a senior merchant who was in charge of the *Batavia*. Next, there was Adriaen Jacobsz, the ship's skipper, or second-in-command. Jacobsz cried conspiracy, faulting the system for placing a

merchant over an experienced ship captain – which he was – in command. Naturally, the pair never got along. Of the 300-plus passengers aboard, a few more figures would play a significant role in the upcoming incident. There was a young woman named Lucretia van der Mijlen, who was reuniting with her husband in Batavia. Zwaantje Hendrix, Lucretia's maid, had also scored a seat on the ship. Finally, there was the middle-ranking merchant, Jeronimus Cornelisz.

Jacobsz, whose charm failed to beguile the happily married Miljen, turned to Hendrix for romantic comfort. This pair would hit it off. Miljen, put off by Jacobsz's boldness, approached Pelsaert. Bonded by a mutual dislike for Jacobsz, they soon became fast friends.

Having to spend time with a sworn enemy is never smooth sailing, and this was certainly the case for the bickering Jacobsz and Pelsaert. As months passed by, Jacobsz's resentment for Pelsaert began to grow. He began to daydream about what it would be like to overthrow Pelsaert and claim the ship as his own, after which he could pursue a life of piracy, thrilling adventures, and unimaginable riches across the seas. He

confided in Cornelisz, who shared his sentiments.

The *Batavia* paused for a pit stop at the Cape of Good Hope in mid-April of 1629. Here, the VOC crew took some time off to let down their hair and unwind. Jacobsz took this to the extreme. Jacobsz, accompanied by Cornelisz and his fling, Hendrix, went on week-long drinking binges. The trio's hard partying resulted in pricey damages to wrecked pubs and other damaged property. As Pelsaert's ears rang with the complaints from crewmen and the Cape's residents, he summoned Jacobsz and rebuked him furiously.

When the *Batavia* resumed its journey, an even more embittered Jacobsz began to hold secret meetings with his partner-in-crime, Cornelisz. The pair became determined to turn their fantasies to reality. They concocted a plan – assemble a group of rebels, do away with those who opposed them, and feed Pelsaert to the ravenous sharks circling under them. They would then take control of the ship and all its booty, and disappear in the Indies.

By the time June came along, the plan was set in motion. Under the conspirators' orders, a group of rebel crewmen cornered Miljen and

sexually assaulted her. The traumatized and hysterical Miljen managed to escape and ran straight to Pelsaert. As expected, Miljen recognized at least one of her attackers, and the livid Pelsaert sought out to right the injustice at once, a signal for the conspirators to reach their next milestone.

In a twist of events, the *Batavia* suddenly crashed into Abrolhos Island. Multiple attempts failed to salvage the ship, and the hopeless vessel started to sink. The conspirators' plan was thwarted – for now. The majority of the passengers would survive the crash, and sought refuge in nearby islands. Unluckily for them, the barren islands were unforgiving, with little to no clean, consumable water. In the face of disaster, Pelsaert and Jacobsz set their differences aside and launched 2 boats with 48 crewmen to the mainland on the hunt for drinkable water. They searched far and wide, but could not locate a legitimate water supply.

Discouraged, the 48 crewmen set off for Batavia, hoping to strengthen the aid. Again, most would survive the trip, and would arrive at the VOC headquarters in July. Here, Jacobsz, along with a few of the accused attackers of Miljen, were arrested, tried, and

charged with negligence and unruly behavior. Pelsaert was then tasked to fetch the rest of the survivors in Abrolhos on another VOC vessel, the Sardam.

Back at Abrolhos, many of the survivors had perished from thirst and starvation. Cornelisz, now the highest-ranking official by default among the shipwrecked in Abrolhos, decided it was time to take action – with or without Jacobsz. But first, he sent Wiebbe Hayes and his loyal troop of 20 soldiers onto another island in search of food and supplies.

With Hayes, who he suspected would give him trouble, out of his hair, Cornelisz acted fast. He activated his fellow conspirators, and together, the mutineers confiscated all weapons and whatever little food and supplies were left. The survivors had no choice but to submit, as those who so much as questioned Cornelisz and his men were viciously slaughtered. For weeks, people were drowned, battered, and gutted – including women and children. The conspirators hoped to set an example for potential insubordinates.

Hayes grew suspicious when his smoke signals went unanswered, and it was only then that the mutiny began to unravel. The moment Hayes and his men learned about the ongoing

massacre and rogue tyrants, they, along with the arriving Sardam rescue vessel, ended the mutiny. At this point, 125 people had been tortured, raped, and senselessly murdered. All the conspirators were rounded up, shackled, and shipped back to Batavia. The VOC vowed to make the men pay for their crimes, a move that hinted at the company's overall solidarity. Cornelisz had his hands lopped off before he was executed. The rest of the conspirators suffered the latter fate.



A contemporary depiction of the executions

Hayes was later commemorated as a hero, receiving awards and a promotion to Sergeant. Pelsaert was left to take the blame for the mutiny, and all of his belongings and finances would be locked down by the VOC. A year later, he died a penniless laughingstock.

Siege

“An empire founded by war has to maintain

itself by war.” – Charles de Montesquieu

At this point, the VOC, with only the company's constant growth in mind, continued to learn from past mistakes, and Governor General Coen in particular can be credited with unearthing another crucial problem in the company's shortcomings. Coen believed he had identified the reason behind the strained business relations between Asia and Europe. Asian consumers only had an appetite for European silver and gold, but these precious metals, which were aplenty in Spain and Portugal, were rare on Dutch and British soil. Soon, the Asian consumers began to reject the VOC currency, expecting to be paid in gold and silver for the spices they provided. Both the Dutch and British companies knew the only feasible solution to this problem would be to maintain a trade surplus. This meant that the price of Asian spices had to be sold at a marked up price in local Dutch and British markets. It was Coen who suggested that the profits made from their new monopoly on the Asian trade be reinvested into the company. This, he believed, would keep the European market afloat. The VOC did just that, a practice that would continue on to 1630.

Now older and wiser, the VOC decided it was

time to take on the rest of the Asian market. Towards the mid-17th century, the VOC created a thriving network of trading posts, planting a flag in hot spots far and wide across the Asian map. The Batavia headquarters received shipments from their home base of supplies to furnish the needs of local crewmen. Silver, copper, and jewelry from Japan were used to barter for Indian and Chinese spices, silk, porcelain, cotton, and other rare textiles. The arsenal of the VOC's Asian products would be used to purchase shiploads of cotton, which would then be transported back to the Netherlands. At the same time, the VOC crew made sure to form steady and tactical relationships with Asian locals. They exchanged modern European ideas and technology with Asian merchants, and engaged in religious philanthropy. The trust built up within these relationships would soon play in their favor.

VOC officials came to a mutually-appealing agreement with the Tokugawa Shogunate, the last feudal military government – of Dejima Island in Nagasaki, Japan. In 1638, the head of the Tokugawa enforced the “Sakoku,” which translates to the “Closed Door Policy.” The decree shunned all Portuguese residents

from the man-made island, which had been built for the Portuguese forces in the first place. 3 years later, the VOC evacuated their previous post in Hirado and permanently moved in to Dejima, the new VOC headquarters in Japan. For 200 years, Dejima would remain the only place where Europeans were allowed to conduct Japanese trade.

Things did not go over as smoothly with the Chinese. In 1623, a VOC official traveled to China in the hopes of convincing the Ming Dynasty to grant the Dutch exclusive use of the Penghu Islands. When the Chinese refused to comply with VOC terms, a mini-war between the Chinese and the Dutch ensued, one that lasted until 1662. In this instance, the VOC agreed that brute force was the only answer. The lush greenery and peaceful quiet of the Penghu Islands were disrupted in the early morning of late 1623 as VOC officials barged into the islands, seizing the territory and erecting a makeshift fort. The Chinese military instantly appeared on the scene and retaliated, eventually emerging victorious a year later. In 1633, the VOC tried their luck a second time, but the company was once again defeated in the Battle of Liaoluo Bay.

The VOC's losing streak continued into the

1640s, thanks this time to the Cambodians. In 1643, at the height of the Trinh-Nguyen War, wherein the local Trinh clan resisted the reigning Mac Dynasty, Cambodian soldiers blew up a VOC vessel, killing everyone on board.

That same year, the VOC would suffer another devastating loss. Back in 1637, the VOC had established a base in Cambodia; the VOC had effectively dominated the Japanese market, and aspired to do the same in Cambodia. The Dutch base in Cambodia was built in the Japanese neck of the country, which further convinced the Dutch that this would be a cakewalk. With that in mind, the VOC was unaware that Japanese mercenaries made up most of their town. Their relationship with the Portuguese was one that long predated that of Dutch-Cambodian relations. Members of the census also included Japanese Catholics and Black-Portuguese, with relatives and ancestors from Goa, Ceylon, and Africa.

Up until 1642, all 3 parties to the equation lived in harmony. The Dutch and Cambodian trade was profitable on both sides, as was the prospering trade and relations between Japan and Cambodia. All that came crashing down when Cambodian Prince Ramathipothi, an

unstable 22-year-old tyrant, rose to the throne. In his quest to take the crown, he found allies in Malaysian, Japanese, and Portuguese mercenaries, who helped him slash his way to the throne. The new king was no fan of the Cambodia-based director, Pieter van Regemortes, and by extension, the VOC. In early 1642, a VOC vessel captured a pair of Portuguese cargo ships at the mouth of the Mekong River and looted them clean. The king, who favored the Portuguese merchants, ordered Van Regemortes to reimburse the Portuguese. Van Regemortes countered with an under-the-table bribe. The king accepted the bribe and dusted his hands clean of the incident. That said, the wary VOC director set off for Batavia, where he unloaded his concerns about the king to Governor General van Dieman. Van Dieman promoted Van Regemortes to ambassador and urged him to return to Cambodia.

Juiced up with the power of his new ambassadorial status, Van Regemortes arrived in Udong in November of 1643. He made a beeline for the Cambodian castle and personally handed the king a letter from the Governor General. In the scornful letter, Van Dieman demanded the bribe to be paid back in

full. If the king failed to meet the VOC's demands, the company threatened to wage war on Cambodia and remove all goods from their Dutch base, effective immediately. After a quick scan of the letter, the brooding king coolly organized a follow-up meeting with the VOC, setting the date on the 27th of November.

When the day came, the king and his men massacred the unsuspecting Van Regemortes and his staff. Later that day, the king broke into the Dutch base, butchered each and every one of the factory staff, and made off with all of the inventory. Meanwhile, Cambodian warships captured 2 more VOC vessels and imprisoned all crew members. At least 50 Dutch civilians and soldiers lost their lives in the bloodbath, and another 60 or so were thrown behind bars.

Burned by the losing streak and fueled by a burgeoning hatred for the Portuguese, who the VOC deemed to be the root of their problems, things began to pick up. Back in 1640, the trading posts the VOC planted along the coasts of Ceylon and Galle tipped the scale against the Portuguese, marking the point their monopoly on cinnamon died. 12 years later, a second trading post was built in the Cape of

Good Hope, which would provide supplies for the VOC in and around South Africa. Another triumph came in 1652, when the VOC partnered up with Sri Lankan King of Kandy and dominated the Colombo market.

In 1659, the VOC drove the Portuguese out of their stations in the Malabar Coast and claimed it as their own. This ensured that the Portuguese were never to fulfill their dream of conquering Sri Lanka, or any part of Western India for that matter. By 1663, the Portuguese were left with a single trading post in all of the west coast of India. More VOC stations founded at this point were located in Bengal, Siam, Persia, Malabar, and Formosa.



A depiction of the VOC station at Bengal

Yet another siege would soon arise, this time in the vibrant and mountainous terrain of Formosa. The VOC first arrived in Formosa after losing at Penghu in 1624. Now known as Taiwan, the island was described as “a good milking cow for the [VOC].” Records show that the company made a gross profit of 330,000 guilders (\$33 million USD) in 1653 from the Formosan market alone. By 1632, 2 more VOC outposts had popped up in the peninsula of Taoyuan (Fort Zeelandia) and another at a nearby bay (Fort Provintia).

In 1659, Koxinga, a Ming supporter and resistor to the Qing Dynasty, started a quest to find a new headquarters overseas. When word got around to a Chinese VOC crewman named Ho-Bin, the man journeyed to Xiamen with a scroll of Formosa's map tucked under his arm. On April 2, 1661, Koxinga, along with a trained crew of 25,000, stormed into Taoyuan. The bloody takeover wreaked havoc among the Dutch, local, and aboriginal communities of Formosa. By the next year, almost all of the Dutch presence had been forced out of Formosa.

A year later, the VOC made another breakthrough. Caught in the middle of a raging conflict between the Aceh Sultanate

and Indonesian lords, the VOC knew it would be wise to take a side. They ceased trade with the sultanate, veering their business towards the locals. The new relationship was solidified with the 1663 Treaty of Painan. There, the VOC built an outpost and was able to monopolize the trade of gold, tin, and pepper.

By 1669, the VOC was the largest and richest private company to have ever existed. The company's roster boasted a staff of 50,000 employees and 10,000 mercenaries around the globe, with 150 merchant vessels and 40 fully-equipped warships. As the VOC entered the 18th century, however, things would take a dark turn.

Fall from Grace



A map of the VOC's area of operations around 1700

“Failure comes only when we forget our ideals and objectives and principles.” – Jawaharlal Nehru, Prime Minister of India

By the 1670s, the steady progress of the VOC was quickly losing steam. For one, the company was still wincing from the fresh wounds caused by the Siege of Zeelandia. China's conversion from the Qing Dynasty to the Ming only intensified the inflammation, which brought about the end of Sino-Dutch silk trade in 1666. To make matters worse, business with their most profitable Asian channel, Japan, was beginning to decline.

In a futile attempt at damage control, the VOC hastened to make adjustments. To make up for the loss of the Chinese silk trade, the VOC sought out an alternative in Bengali merchants, but not only were the profits from the Bengali market nowhere close to those made from the Chinese, their main supply of Japanese silver, gold, and precious metals was slipping from their grasp. Despite more useless attempts at reeling in the rope, the Dejima Shogunate imposed a series of decrees that limited the trade between Japan and the Netherlands. By 1685, the VOC's presence in Japan was no more.

As the VOC entered the 18th century, it appeared that a change of good tide was about to come. After much debate, the Heeren XVII chose to increase fortification in all the VOC outposts along the Malabar Coast. In 1710, the VOC officials captured the Zamorin of Calicut, a royal title used by the monarchs of the Kozhikode Kingdom. The company proceeded to physically coerce the Hindu royal to kneel before his Dutch captors.

With Dutch hands firmly wrapped around the royal's fist, the Zamorin signed a treaty that declared trade exclusivity between the VOC and the kingdom, and the VOC relished in the

profits reaped from the treaty's terms for 5 years before the British East India Company intervened. With the rival company's support, the treaty was shredded to pieces. The VOC would hold down their fort for a few more years before deciding that the Malabar Coast was no longer worth the effort. In 1721, the VOC surrendered their territory on the coast to the British.

Perhaps the most significant and withering of the blows that struck the VOC came 2 decades later. August 10, 1741 marked the first time an Asian power had fought back against the Dutch, or any European conquerors, since the start of the Age of Exploration. The fight was henceforth known as the Battle of Colachel, with the Kingdom of Travancore going head to head with the VOC. With the home court advantage, this would be the first and last time an Indian kingdom emerged victorious over a European army. Likewise, this was the first and only time where an Asian naval force defeated a European fleet.

1741 would be the year the VOC officially relinquished its hold over the Indian market. It was no longer possible to rely on the company's "low volume-high profit" business model. On top of that, the turn of the century

had brought a change of European taste in commodities as well; the European consumers' attraction to the VOC's selection of Asian coffee, tea, textiles, and porcelain was starting to wane, and with that the VOC approached its inevitable demise.

In fact, the VOC's aforementioned attempts at expansion in the early 18th century turned out to be a recipe for disaster. The VOC started to feel the holes that had been burned through their pockets. To compensate for the growing volume of stock and overhead the company was now handling, they built stronger and larger ships. Regrettably, the insufficient manpower and fall in labor productivity not only stumped the growth of the company, it threatened its very existence. The VOC's conundrum was what historians labeled “profitless growth.” To add on to the VOC's increasing instability in Asia, company morale was at its lowest point. Hours were long, and staff groused about their low wages.

What was more, of all the East India Companies, the VOC seemed to have been cursed with the highest employee death tolls. As the VOC's profits ebbed every year, the morbid statistics climbed, seeing more staff killed by disease or warfare than its rival

companies. Their stagnant growth in the company had also become a major turn-off, as the upper management banned staff from trading outside of the office. Perhaps unsurprisingly, corruption began to run rampant within the company.

Most important of all was the amount of debt the VOC had been racking up over the years. By 1780, the company was worth 74 million guilders (approximately \$7.4 billion USD today), with 28 million in ships and inventory, and the trading fund and inventory bound for Europe making up the other 46 million. Their total debt, however, was at a teeth-chattering 62 million total. At this stage, steps could have been taken to put the debt to sleep if not for the Fourth-Anglo Dutch War of 1784. During the conflict, British forces invaded VOC settlements in both Europe and Asia, which eliminated more than half of the VOC fleet. The fantastic damage added another 43 million guilders to the wobbling company's already crushing debt, and the company's net assets were now totally worthless.

A riot in Batavia and the emerging power of Brazil undercutting the Dutch merchants sealed the fate of the VOC's collapse. Following the Batavian riot in 1740, which

saw the ruin and carnage of 10,000 Chinese locals, the Heeren XVII conducted an in-depth investigation into the VOC and Dutch government for the very first time. The investigation stoked the flames of the VOC's degeneration.

No matter which way they swung, the VOC could not glue the pieces back together. On March 1, 1796, ownership of the company was passed on to the Batavian Republic. On December 31, 1799, the VOC's charter officially expired.

The Aftermath

“We travel, some of us forever, to seek other states, other lives, other souls.” – Anaïs Nin

Apart from the government-sanctioned torture and thousands of deaths that ensued during the VOC's reign, lurking behind the veil of the Dutch monopoly was a barrage of hidden controversies.

As an appetizer, the Dutch East India Company was directly involved in the world's first ever market crash. This incident is now infamously remembered as “Tulip Mania.” During this time, the Netherlands was enjoying the enrichment in culture and wealth that came with the 17th century Dutch Golden

Age, and the city of Amsterdam was the nation's commercial hub, owing its gratitude to the then-thriving VOC. In addition to the fragrant spices, blue glass, and fine china from Asia, the tulip flower became another highly sought after luxury item. Not wanting to miss out on the new hot commodity, the VOC began to dabble in tulip trading on the side. All over Europe, consumers were hopelessly smitten with the colorful flowers that came in a delightful range of brilliant, vivid colors, and it soon became a symbol associated with the European upper class.

Between 1634 and 1637, tulip bulbs experienced a head-scratching surge in prices. A single bulb, which used to cost a single guilder, was now priced at 60. This amounted to about 10 times the annual income of an average craftsman, and thus, dishonest merchants got into the habit of dealing solely in the tulip business. Many sold off the rest of their stock to sell tulips at ridiculously marked up prices, making more than they could ever hope for with their former business models. The market finally imploded in winter of 1637, at which point the bulbs were now worth only a hundredth of its original price.

Most concerning of the criticisms was the

VOC's promotion of slavery. Records estimate that anywhere between 660,000-1,135,000 slaves were used by the company in its nearly 2 century long reign. Ironically, many of the Dutch who longed for the riches and resources that could be found on Asian soil harbored prejudices against Asian communities, and many of the wealthiest Dutch merchants who settled in Asia hosted a staff of at least 200 slaves. The Dutch help were instructed to work in the front of the estate, whereas the Asians were strictly confined to the back of the house. As a matter of fact, some historians alleged that the only reason for the influx of multicultural communities within the VOC was simply because there were no European women.

Another researcher offers a stark statistic – over half the Batavian population consisted of VOC slaves. Dutch slaves were freed upon the deaths of their masters, and they were only legitimized if this was specified in their master's will. The only things that did not discriminate were the constant diseases that plagued the VOC communities, which wiped out equal numbers of slaves and Dutch merchants alike.

The VOC would also leave a lasting imprint

in modern day Indonesia. One example lies in the “race pyramid” that still exists in Indonesian society today. Those with Dutch blood are placed on the top, followed by Javanese nobility and the middle-ranking Chinese. Indigenous Malaysians place last on the lowest level of the pyramid. Both the Catholic Portuguese and the Protestant Dutch would have an impact on the nation's religion as well. Catholicism and Protestantism are part of the 6 official religions in Indonesia today, and many of the historical Dutch settlements are still preserved throughout the country.

Like many of the largest and most influential corporations, the VOC has gained its share of praise and condemnation. At the apex of the company's impressive lifespan, the VOC is estimated to have been worth at least \$7.4 trillion in 2012 US dollars (adjusted for inflation). Only one fact remains indisputable – whether one praises or criticizes the behemoth, or both, the Dutch East India Company remains the most valuable company in all of human history over 200 years after its demise.

Online Resources

Other books about European history by
Charles River Editors

Other books about the Dutch East India
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